

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 EURE-00 L-03 H-01 /085 W
-----039642 131843Z /45

P R 131820Z JUL 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 6079
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
USMISSION NATO

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 11557

USEEC ALSO FOR EMBASSY

USOECD ALSO FOR EMBASSY

E.O. 11652: GDS
TAGS: ELAB, PINT, UK
SUBJECT: TUC LEADERS SHOW NO COMMON VIEW ON NEXT STEPS
ON WAGES POLICY

1. IN A DISCUSSION DURING LUNCH ON JULY 11 WITH FIVE OF
THE TOP TUC LEADERSHIP, INCLUDING JACK JONES AND HUGH
SCANLON, I SENSE A SPIRIT OF DISUNITY, PERHAPS EVEN OF
DISARRAY, AMONG THEM OVER THE QUESTION OF PAY POLICY.
JONES, SEEMINGLY ALONE, APPEARED TO BE CLEARLY AWARE OF
THE IMPORTANCE OF AN UNDERSTANDING BETWEEN THE UNIONS
AND THE GOVERNMENT ON FURTHER PAY RESTRAINT IF THE LABOR
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GOVERNMENT IS TO SURVIVE ANOTHER ELECTION, BUT AS WAS
EVIDENT IN HIS DEMEANOR, HIS POWER TO INFLUENCE EVENTS
IS WANING.

2. REPRESENTING A SIGNIFICANT PORTION OF THE TUC MEM-
BERSHIP, JACK JONES (GENERAL SECRETARY TRANSPORT WORKERS),
HUGH SCANLON (PRESIDENT, ENGINEERS), MOSS EVANS (SUCCESSOR-

ELECT TO JACK JONES, STARTING IN MARCH 1958), GEOFFREY DRAIN (NATIONAL AND LOCAL GOVERNMENT OFFICERS) AND TOM JACKSON (POST OFFICE), WERE CLEARLY AT "SIXES AND SEVENS" ABOUT NEXT STEPS TO RESOLVE THE BASIC DILEMMA THAT CONFRONTS THE LABOR PARTY, THE GOVERNMENT AND THE TRADE UNIONS: HOW TO CONTINUE IN POWER WITHOUT JEOPARDIZING THE UNDERPINNINGS OF THE UK ECONOMY OR THE RELATIONSHIP BETWEEN THE GOVERNMENT AND THE UNIONS. WHILE SCANLON, FOR EXAMPLE, BELIEVED THAT THE GOVERNMENT HAS NOT LIVED UP TO ITS PROMISES ON REDUCING INFLATION AND THEREFORE THE UNIONS CANNOT BE EXPECTED TO CONTINUE PAY RESTRAINT, JONES DEFENDED THE GOVERNMENT, ARGUING THAT IT HAS DONE ALL IT CAN TO REDUCE INFLATION, BUT THAT OUTSIDE ECONOMIC FORCES, LIKE OIL PRICES, MADE IT AN IMPOSSIBLE TASK.

3. WHILE MOST OF THE UNION LEADERS ARE PESSIMISTIC ABOUT ANY FURTHER RESTRAINT, EVEN THE KIND OF LIMITED RESTRAINT INHERENT IN UNIONS' ADHERENCE TO STAGE II, JONES ARGUED THAT UNIONS WHICH HAVE SIGNED WAGE AGREEMENTS UNDER STAGE II, WILL NOT, IN THE ABSENCE OF STAGE III, TRY TO REOPEN THESE AGREEMENTS FOR MORE MONEY. MOREOVER, HE INSISTED THAT IF THE GOVERNMENT CREATED THE RIGHT CLIMATE -- KEPT DOWN PRICES, DID SOMETHING TO REDUCE EMPLOYMENT AND IMPROVED INVESTMENT -- THE UNIONS WILL VOLUNTARILY ENTER INTO REASONABLE SETTLEMENTS AFTER

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STAGE II EXPIRES ON JULY 31.

4. THE TROUBLE WAS THAT JONES NO LONGER SOUNDED CONVINCING, AND NONE OF THE OTHERS VOICED ANY SUPPORT FOR HIS VIEWS -- SCANLON IN FACT DISAGREED. EVEN HIS

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P R 131820Z JUL 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 6080

INFO AMEMBASSY BONN

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 11557

SUCCESSOR MOSS EVANS, PERHAPSS DELIBERATELY, BY SPEAKING
IN GENERALITIES, PROVIDED LITTLE ENCOURAGEMENT FOR HIS
VIEWS. THUS, IT APPEARED TO US THAT JONES' CLOSEST
COLLEAGUES, TOO, BELIEVED THERE IS LITTLE LIKELIHOOD
THAT ANY SERIOUS AGREEMENT WITH THE GOVERNMENT TO RE-
STRAIN WAGES IS NOW IN THE CARDS.

5. WHEN WE ASKED THEM WHETHER THEY WERE PREPARED TO COME
TO SOME AGREEMENT TO KEEP THE GOVERNMENT IN POWER THEY
ALL NODDED SOLEMNLY, AND JONES WENT FURTHER TO SAY THAT,
FOR VARIOUS REASONS, THE LIBERALS AND SCOTTISH NA-
TIONALISTS, AND THE ULSTER UNIONISTS WILL REFRAIN FROM
FORCING THE GOVERNMENT TO GO TO THE POLLS IN AN EARLY
ELECTION.

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6. ALL OF THESE LEADERS, NOT THE LEAST JONES HIMSELF, ARE
AWARE THAT PRESSURE FROM THE RANK AND FILE FOR AN END
TO INCOMES POLICIES HAS NOW BUILT UP TO A POINT WHERE
THEY MAY NO LONGER BE CAPABLE OF DIVERTING IT. JONES
TRIED AND FAILED AT HIS OWN CONFERENCE, AND EVEN THOUGH
THE GOVERNMENT AND THE TUC LEADERS ARE HOLDING URGENT
MEETINGS THIS WEEK ABOUT A PAY POLICY, THE OUTLOOK FOR
A USEFUL AGREEMENT DOES NOT LOOK BRIGHT.

7. THE MINISTERS ARE MEETING JULY 13 WITH THE TUC
LEADERS, IN AN EFFORT TO FIND A WAY OUT OF THE BOX
LABOR RANK AND FILE HAS BUILT, BUT WE SEE LITTLE THAT
CAN BE DONE TO PUT BACK TOGETHER A COHERENT WAGE POLICY

IN THE SHORT TERM AND THE UPSHOT OF CURRENT CONSULTATIONS IS LIKELY TO BE A PAPER THAT PUTS THE BEST FACE ON A SERIOUS SITUATION.

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 13-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Approved on Date:
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Subject: TUC LEADERS SHOW NO COMMON VIEW ON NEXT STEPS ON WAGES POLICY
TAGS: ELAB, PINT, UK, TUC
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